# UK house prices dip as tax reform fears cool market in September 2025



House prices in the UK saw a slight decline in September 2025, marking a shift in the market that appears to be influenced by anticipation of upcoming government policy changes. According to the Halifax House Price Index, average property prices fell by 0.3% last month, with the typical home now valued at £298,184, down from £298,978 in August. This comes after a modest 0.2% rise in August and represents one of the slowest growth rates since April 2024. Over the year, prices have increased by just 1.3%, suggesting a cooling market after more robust growth earlier in 2025.

Regional trends reveal significant variation across the UK. Northern Ireland and Scotland have seen notable year-on-year increases of 6.5% and 4.5%, respectively, with the North East and North West of England also recording solid price growth of 4.8% and 3.9%. By contrast, southern regions have experienced stagnation or decline: the South West saw a slight fall of 0.2% over the year, and London, though still the most expensive region with average prices around £543,497, reported just a 0.6% increase. The South East similarly saw a minimal rise of 0.2%. These disparities underscore differing local market pressures, with northern areas generally enjoying stronger demand and price resilience compared to the south.

Market analysts attribute the recent cooling to a mix of factors, chief among them the uncertainty linked to potential tax reforms outlined in the forthcoming November Budget. Chancellor Rachel Reeves is reported to be considering significant changes to housing-related taxes, including the possibility of converting stamp duty into an annual tax and introducing capital gains tax on sales of high-value homes exceeding £1.5 million. Such proposals have reportedly generated a sense of caution among buyers and sellers, particularly at the upper end of the market.

Tom Bill, head of UK residential research at Knight Frank, suggested that property tax fears are weighing on the market. Speaking on the state of the market, he highlighted that sellers are responding to signals of price pressure amid increased supply and a nervous outlook as the Budget approaches. He anticipates modest price declines to continue until the government provides clarity. Similarly, Jonathan Hopper, chief executive of Garrington Property Finders, observed cautious behaviour among buyers, noting particularly that rumours of new property or wealth taxes have chilled activity at the higher price points, with many owners opting to delay transactions.

These latest developments contrast with trends earlier in the year when house prices were rising more robustly. Government data from mid-2025 showed monthly increases around 0.3%, with annual gains close to 2.8%, while the North East experienced growth nearing 8%. In spring 2025, annual house price inflation was even stronger at over 6%, suggesting a marked slowdown in recent months. Previous periods also saw regional disparities but with more consistent upward movement overall.

The housing market’s current state reflects a complex interplay of economic pressures, policy uncertainty, and regional variations. The spectre of tax reforms looms large, tempering demand and contributing to more subdued price growth, especially in traditionally pricier southern markets. Until the government clarifies its stance in the November Budget, potential buyers and sellers are likely to remain cautious, maintaining a delicate balance between supply and demand that will shape the market’s near-term trajectory.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15169923/Report-House-prices-fell-September-buyers-sellers-fear-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.halifax.co.uk/media-centre/house-price-index.html)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15169923/Report-House-prices-fell-September-buyers-sellers-fear-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.halifax.co.uk/media-centre/house-price-index.html)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15169923/Report-House-prices-fell-September-buyers-sellers-fear-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/galleries/article-15169923/Report-House-prices-fell-September-buyers-sellers-fear-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 5 – [[3]](https://www.gov.uk/government/news/uk-house-price-index-for-july-2025), [[4]](https://www.gov.uk/government/statistics/uk-house-price-index-for-march-2025/uk-house-price-index-summary-march-2025), [[5]](https://www.gov.uk/government/statistics/uk-house-price-index-for-october-2024/uk-house-price-index-summary-october-2024), [[7]](https://www.gov.uk/government/statistics/uk-house-price-index-for-november-2024/uk-house-price-index-summary-november-2024)

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## Bibliography

1. <https://www.dailymail.co.uk/money/galleries/article-15169923/Report-House-prices-fell-September-buyers-sellers-fear-tax-hikes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.halifax.co.uk/media-centre/house-price-index.html> - The Halifax House Price Index for September 2025 reports a 0.3% decrease in average UK house prices, bringing the typical home value to £298,184. This marks the slowest annual growth rate since April 2024, with prices up 1.3% year-on-year. Regional variations include a 6.5% increase in Northern Ireland and a 4.5% rise in Scotland over the past year. The report suggests that anticipated property tax changes in the upcoming November Budget may be influencing market dynamics.
3. <https://www.gov.uk/government/news/uk-house-price-index-for-july-2025> - The UK House Price Index for July 2025 indicates a 0.3% monthly increase in average house prices, with an annual rise of 2.8%, bringing the average property value to £270,000. The North East experienced the highest annual growth at 7.9%, while London had the lowest at 0.7%. The South West saw the most significant monthly increase at 1.4%, and the South East the largest monthly decrease at -0.4%. These regional disparities highlight varying market conditions across the UK.
4. <https://www.gov.uk/government/statistics/uk-house-price-index-for-march-2025/uk-house-price-index-summary-march-2025> - The UK House Price Index for March 2025 reports a 6.4% annual inflation in average house prices, with the average property valued at £271,000. The North East led with a 14.3% annual increase, while London had the lowest at 0.8%. On a monthly basis, average house prices in England rose by 1.3% between February and March 2025. The report also notes a significant rise in property transactions, likely due to buyers completing purchases before anticipated Stamp Duty changes.
5. <https://www.gov.uk/government/statistics/uk-house-price-index-for-october-2024/uk-house-price-index-summary-october-2024> - The UK House Price Index for October 2024 shows a 0.1% monthly increase in average house prices, with an annual rise of 3.0%, bringing the average property value to £308,781. The North East experienced a 4.7% annual increase, while London had the lowest at 0.2%. The South West saw a 1.5% monthly increase, and the South East a 0.3% rise. These figures reflect regional variations in the housing market across England.
6. <https://www.gov.uk/government/statistics/uk-house-price-index-for-july-2024/uk-house-price-index-summary-july-2024> - The UK House Price Index for July 2024 reports a 0.6% monthly increase in average house prices, with an annual rise of 2.2%, bringing the average property value to £289,000. The North East led with a 3.8% annual increase, while London experienced a 0.4% decrease. The South West saw a 1.0% annual increase, and the South East a 0.5% rise. These regional variations highlight differing market conditions across the UK.
7. <https://www.gov.uk/government/statistics/uk-house-price-index-for-november-2024/uk-house-price-index-summary-november-2024> - The UK House Price Index for November 2024 indicates a 0.4% monthly decrease in average house prices, with an annual rise of 3.0%, bringing the average property value to £306,494. The North East experienced a 5.9% annual increase, while London had a 0.1% decrease. The South West saw a 2.2% annual increase, and the South East a 1.4% rise. These figures reflect regional disparities in the housing market across England.